

Message Text

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AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

C O N F I D E N T I A L PRETORIA 3913

E.O. 11652: GDS

TAGS: PINS ECON SF

SUBJ: FUTURE PROSPECTS FOR SOUTH AFRICA

REF: STATE 215846

1. FOLLOWING IS EMBASSY'S ASSESSMENT REQUESTED REFTEL:

2. THE RACIAL DISTURBANCES THAT BROKE OUT IN SOWETO ON JUNE 16 AND SPREAD TO OTHER URBAN CENTERS AND SOME HOMELAND AREAS DURING JULY AND AUGUST REPRESENT A BLACK (AND COLORED) PROTEST MOVEMENT PRINCIPALLY OF STUDENT ACTIVISTS AGAINST THE SYSTEM OF APARTHEID. THE ACTION WAS CONFINED TO BLACK AND COLORED AREAS AND THE TARGETS WERE THE SYMBOLS OF WHITE ADMINISTRATION WHICH THEY ASSOCIATE WITH THEIR GRIEVANCES. EFFORTS TO CARRY THE PROTEST TO WHITE AREAS TOOK PEACEFUL FORMS (A SYMPATHY MARCH AND WORK BOYCOTTS) AND THESE HAVE BEEN ONLY PARTLY SUCCESSFUL AND SHORT-LIVED. POLICE UNITS WERE ABLE TO

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CONTAIN THE DISTURBANCES WITHIN THE TOWNSHIPS

WITHOUT RESORTING TO MILITARY REINFORCEMENTS. WHILE ADULT BLACKS LARGELY SYMPATHIZE WITH THE OBJECTIVES OF YOUTHFUL ACTIVISTS, RELATIVELY FEW HAVE OPENLY SUPPORTED THEIR TACTICS AND MANY REFLECT INCREASING CONCERN OVER THE MATERIAL DESTRUCTION AND LOSS OF LIFE WITHIN THEIR OWN COMMUNITIES. AT PRESENT A RELATIVE CALM HAS SETTLED DOWN OVER AREAS OF DISTURBANCE.

3. WHILE THE GRIEVANCES OF BLACKS UNDER THE APARTHEID SYSTEM ARE DEEP-SEATED AND VALID, THE YOUNG ACTIVISTS HAVE SO FAR NOT ATTACKED INDIVIDUALS OR INSTALLATIONS IN WHITE AREAS. WITH ONE OR TWO MINOR EXCEPTIONS, WE KNOW OF NO CASES OF WILLFUL DAMAGE TO OFFICES, COMMERCIAL ESTABLISHMENTS, INDUSTRIAL PLANTS OR PUBLIC BUILDINGS. THIS REINFORCES THE CONCLUSION THAT UP TO NOW THE PROTEST EFFORT IS NOT DIRECTED AT WHITES PER SE BUT AT THE APARTHEID SYSTEM WHICH IS THE SOURCE OF THEIR GRIEVANCES.

4. WHILE BLACK AND COLORED YOUTH HAS BEEN RADICALIZED BY THE EXPERIENCE OF THE PAST TWO AND A HALF MONTHS, WE DO NOT BELIEVE THAT THE ALIENATION HAS REACHED A POINT OF NO RETURN. SAG RESPONSIVENESS TO THE GRIEVANCES, IF SINCERE AND MEANINGFUL, COULD HAVE DAMPENING EFFECT ON THE BLACK PROTEST MOVEMENT AND CONTRIBUTE TO DOMESTIC STABILIZATION. SAG COOPERATION IN ACHIEVING A PEACEFUL TRANSITION TO MAJORITY RULE IN RHODESIA AND IN THE ESTABLISHMENT OF AN INDEPENDENT, UNITARY STATE IN NAMIBIA WILL SHOW A FLEXIBILITY THAT WILL HELP TO ALLEVIATE PRESSURES. MORE IMPORTANTLY, IT CAN TAKE STEPS WITHIN THE TOWNSHIPS TO REMOVE THE MORE HUMILIATING AND OPPRESSIVE ASPECTS OF BANTU ADMINISTRATION, GIVING URBAN BLACKS A GREATER STAKE IN THEIR COMMUNITIES AND A PARTICIPATORY ROLE IN DIRECTING THEIR OWN AFFAIRS. THERE IS HIGH EXPECTATION IN WHITE CIRCLES (ALTHOUGH CONSIDERABLE SKEPTICISM AMONG BLACKS) THE THE KISSINGER-VORSTER TALKS AND NATIONAL PARTY CONGRESSES TO BE HELD DURING SEPTEMBER WILL RESULT IN SIGNIFICANT CHANGES IN THE TREATMENT OF URBAN BLACKS.

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5. THE SOUTH AFRICAN ECONOMY IS NOW IN A SERIOUS RECESSION, ARISING IN CONSIDERABLE MEASURE FROM HEAVY DEFENSE SPENDING AND OIL STOCKPILING, WHICH IN TURN IS CAUSED BY DETERIORATED SECURITY SITUATION IN SOUTHERN AFRICA. BLACKS SUFFER MOST--FIRST, BECAUSE THEY HAVE BEEN VICTIMS OF VIRTUALLY ALL UNEMPLOYMENT; SECOND, BECAUSE THEY ARE HIT HARDEST BY INFLATION; AND, THIRD, BECAUSE CAPITAL SPENDING ON TOWNSHIP FACILITIES, HOUSING, EDUCATION, ETC. HAS BEEN

HELD IN CHECK. ACTIONS AT THIS TIME WHICH WOULD SHAKE CONFIDENCE IN THE SHORT-TERM VIABILITY OF SOUTH AFRICA WOULD TEND TO INTENSIFY THIS VICTIMIZATION OF BLACKS AND COMPOUND THE RACIAL PROBLEM.

6. LOOKING BEYOND IMMEDIATE ECONOMIC DIFFICULTIES, WE SEE MANY STRENGTHS IN THE ECONOMY. THE SOUTH AFRICAN BALANCE OF PAYMENTS AND FOREIGN SHORT-TERM CREDIT SITUATIONS ARE NOT ALARMING COMPARED TO MANY OTHER COUNTRIES. FURTHER LOWERING OF THE GOLD PRICE WOULD DELAY EFFORTS TO PULL OUT OF THE RECESSION. HOWEVER, PROSPECT OF HIGHER EXPORT PRICES FOR MINERALS, MATURATION IN THE NEXT 12-18 MONTHS OF EXPENSIVE, EXPORT-ORIENTED CAPITAL PROJECTS, ANTICIPATED SUCCESS OF BELT-TIGHTENING, ETC., ALL LEAD US TO CONCLUDE THAT THE COUNTRY IS CREDITWORTHY WHEN VIEWED IN TERMS OF ITS MEDIUM-TERM ECONOMIC SITUATION.

7. ALTHOUGH THE SAG HAS MADE FEW OVERT CONCESSIONS TO BLACKS, THE BUSINESS COMMUNITY AND OTHER ELEMENTS OF SOCIETY HAVE BECOME INCREASINGLY OUTSPOKEN IN CALL FOR REMOVAL OF THE MORE DEHUMANIZING FORMS OF DISCRIMINATION AND INJUSTICE. SELF-INTEREST IS A FACTOR. WHITE BUSINESS SEES CLEARLY THE HARM CAUSED BY INSTABILITY, BOTH DIRECTLY THROUGH LOSS OF PRODUCTION AND BUSINESS FROM BLACK CUSTOMERS, AND INDIRECTLY THROUGH EFFECTS ON SOUTH AFRICA'S INTERNATIONAL FINANCIAL AND TRADE POSITION. WE THINK BUSINESS WILL INCREASINGLY PRESSURE THE GOVERNMENT TO MAKE CONCESSIONS TO BLACKS. THE SAG IS RESPONSIVE TO PRESSURE FROM THIS SECTOR.

8. THE WARNING SIGNALS ON THE DOMESTIC FRONT, COINCIDING WITH SECRETARY KISSINGER'S INITIATIVES WITH RESPECT TO
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SOUTHERN AFRICA, AFFORD THE SAG THE MOTIVATION AND OPPORTUNITY TO MOVE DECISIVELY IN REMOVING THE SOURCES OF INSTABILITY IN SOUTH AFRICA. OUR ENCOURAGEMENT IN THIS REGARD COULD CONTRIBUTE SUBSTANTIALLTY TO THEIR WILLINGNESS TO TAKE THE RISKS INVOLVED.
BOWDLER

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